
LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/28/06



LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
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DECEMBER 31, 2005

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Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

Officers and Trustees
Louisiana Municipal Advisory and Technical Services
Bureau Corporation

We have audited the accompanying balance sheets of Louisiana Municipal Advisory and Technical Services Bureau Corporation (a wholly-owned subsidiary of Louisiana Municipal Association) as of December 31, 2005 and 2004, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the management of Louisiana Municipal Advisory and Technical Services Bureau Corporation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Municipal Advisory and Technical Services Bureau Corporation as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville

Baton Rouge, Louisiana
May 26, 2006

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current assets:		
Cash	\$ 120,705	\$ 162,178
Income taxes receivable	-	1,083
Accounts receivable	10,253	40,973
Prepays	<u>5,025</u>	<u>2,525</u>
Total current assets	<u>135,983</u>	<u>206,759</u>
Furniture and equipment , net	<u>9,955</u>	<u>14,969</u>
Total assets	<u>\$ 145,938</u>	<u>\$ 221,728</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Accounts payable	\$ 24,532	\$ 113,060
Due to affiliate	<u>4,850</u>	<u>2,000</u>
Total liabilities	<u>29,382</u>	<u>115,060</u>
Stockholder's equity:		
Common stock, no par value, no stated value, 100 shares authorized, issued and outstanding	51,000	51,000
Retained earnings	<u>65,556</u>	<u>55,668</u>
Total liabilities and stockholder's equity	<u>116,556</u>	<u>106,668</u>
Total liabilities and stockholder's equity	<u>\$ 145,938</u>	<u>\$ 221,728</u>

See accompanying notes to financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Revenues:		
Program administration fees	389,707	382,063
Interest income	29,101	5,779
	<u>418,808</u>	<u>387,842</u>
Expenses:		
Administrative fees	265,600	292,966
Accounting fees	9,000	9,560
Advertising	6,455	3,430
Audit fees	3,300	3,000
Bank charges	4,163	4,695
Contract consultant fees	29,724	36,889
Depreciation	7,013	7,548
Legal fees	19,051	12,051
Office supplies	1,000	881
Professional services	14,550	13,500
Rent	3,360	2,800
Sponsorships	37,500	2,314
Taxes	150	150
Telephone	118	220
Insurance	2,000	2,000
Other	4,853	2,140
	<u>407,837</u>	<u>394,144</u>
Net income (loss) before income taxes	10,971	(6,302)
Income tax expense	1,083	-
Net income (loss)	<u>\$ 9,888</u>	<u>(6,302)</u>

See accompanying notes to financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, December 31, 2003	\$ 51,000	\$ 61,970	\$ 112,970
Net loss	<u>-</u>	<u>(6,302)</u>	<u>(6,302)</u>
Balance, December 31, 2004	51,000	55,668	106,668
Net income	<u>-</u>	<u>9,888</u>	<u>9,888</u>
Balance, December 31, 2005	<u>\$ 51,000</u>	<u>\$ 65,556</u>	<u>\$ 116,556</u>

See accompanying notes to financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income (loss)	\$ 9,888	\$ (6,302)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	7,013	7,548
Changes in operating assets and liabilities:		
Accounts and other receivables	31,803	(29,041)
Prepays	(2,500)	(2,525)
Accounts payable and due to affiliate	(85,677)	48,781
Net cash provided by (used in) operating activities	<u>(39,473)</u>	<u>18,461</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of equipment	<u>(2,000)</u>	<u>(10,679)</u>
Net cash used in investing activities	<u>(2,000)</u>	<u>(10,679)</u>
Net change in cash	(41,473)	7,782
Cash, beginning of year	<u>162,178</u>	<u>154,396</u>
Cash, end of year	<u>\$ 120,705</u>	<u>\$ 162,178</u>

See accompanying notes to financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Organization Background*

Louisiana Municipal Advisory and Technical Services Bureau Corporation (LaMats), a Louisiana corporation, is a wholly-owned subsidiary of Louisiana Municipal Association (LMA). LMA is an association for the municipalities of Louisiana and is incorporated as a non-profit corporation under the laws of the State of Louisiana. LaMats was incorporated in 1998 for the purpose of providing various advisory and technical services to the membership of the LMA.

(b) *Depreciation*

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Lives of the assets are as follows:

Office equipment and furniture	5-7 years
Computer equipment and software	3 years

(c) *Use of Estimates*

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

For the purpose of the statement of cash flows, cash includes cash in demand accounts with banks.

(e) *Administrative Revenue*

LaMats receives administrative fees related to the insurance premium taxes collected on behalf of the municipalities participating in the program. LaMats received an administrative fee of 3% in 2005 and 2004 of the insurance premium taxes collected on behalf of the municipality. Administrative fees are considered earned and recognized as revenues when collected from the insurance companies.

(f) *Income taxes*

LaMats is considered a for-profit service organization taxable entity by the Internal Revenue Service and files a separate C-Corporation income tax return.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
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NOTES TO FINANCIAL STATEMENTS

2. INCOME TAXES

No federal taxes were remitted or due in 2005 and 2004. Income tax expense of \$1,083 for the year ended December 31, 2005 is as a result of the reversal of a previously recorded deferred tax asset resulting from a loss carry forward which was utilized in the current year. LaMats recognizes income tax liabilities using the liability method.

3. RELATED PARTY TRANSACTIONS

LaMats pays LMA accounting fees for services performed on their behalf. The total accounting fees were \$9,000 and \$9,560 for the years ended December 31, 2005 and 2004, respectively. In addition, at December 31, 2005 and 2004 LaMats owes LMA \$4,850 and \$2,000, respectively for costs incurred by LMA on behalf of LaMats.

LaMats pays LMA administrative fees for various services provided by LMA. For the year ended December 31, 2005 and 2004 included in expenses is \$55,000 and \$80,000, respectively related to administrative fees paid to LMA. LaMats pays LMA rent for the space it conducts its operations. LaMats paid LMA a total of \$3,360 and \$2,800 for rent for the years ended December 31, 2005 and 2004, respectively.

4. ADMINISTRATIVE CONTRACT

LaMats contracts the Palmer Group, based out of Tallahassee, Florida, to perform billing, collecting and administrative duties with the insurance premium tax program. LaMats' Board of Directors approves the contract with the Palmer Group on a yearly basis for services rendered. For 2005 and 2004, the Palmer Group was contracted to be paid approximately and \$17,500 and \$19,000 per month or \$210,966 and \$216,480 for the years ended December 31, 2005 and 2004, respectively.